

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2282 - HB 2163

March 9, 2014

SUMMARY OF BILL: Prohibits local governments from enforcing Section 501.3 of the 2012 International Residential Code (IRC) prior to January 1, 2016.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Section 501.3 of the 2012 IRC requires certain floor assemblies, when used to house mechanical or plumbing fixtures and equipment, to be provided with a one-half inch gypsum wallboard membrane, five-eighth inch wood structural panel membrane, or equivalent on the underside of the floor framing member.
- According to the Department of Commerce & Insurance, the department has adopted the 2009 IRC as the minimum state building codes for residences; therefore there will be no significant fiscal impact to the department or the approximately 100 local government jurisdictions inspected by the State Fire Marshall.
- There are approximately 50 local government jurisdictions who have adopted the 2012 IRC who, by the provisions of this legislation, will be unable to enforce Section 501.3.
- The inability of a local government to enforce such code may result in a decrease in property values, which may result in a decrease in future property tax revenue for the 50 impacted local governments, however the amount of any future decrease to property tax revenue cannot be determined.
- Delaying a local government's ability to enforce such code will not result in a significant direct fiscal impact to local government.

IMPACT TO COMMERCE:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact to commerce cannot reasonably be determined.

SB 2282 - HB 2163

Assumptions:

- Due to multiple unknown factors, such as how much private businesses are currently expending to comply with Section 501.3 of the 2012 IRC within the 50 impacted counties, the extent of any cost savings associated with no longer being required to adhere to such standards, and the extent of any decrease in property values, a precise impact to commerce throughout the state cannot reasonable be determined.
- Net impact to Tennessee jobs is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jrh